GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:4045
ANSWERED ON:22.04.2008
IMPACT OF FDI ON RURAL DEVELOPMENT
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Foreign Direct Investment is having an adverse effect on rural development;

(b) if so, the reaction of the Government thereto;

(c) whether any survey has been conducted in this regard;

(d) if so, the outcome thereof; and

(e) if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY(SHRI ASHWANI KUMAR)

(a) & (b): FDI is a means to supplement domestic investment for achieving a higher level of economic development and providing opportunities for technological upgradation as well as access to global managerial skills and practices. With forward and backward linkages and access to international quality goods and services, FDI brings in capital and also provides access to modern technology and best practice. As per extant policy, Foreign Direct Investment (FDI) up to 100% is permitted under the automatic route in most of the sectors/activities. Some sectors attract FDI caps.

(c) to (e): Government has commissioned a study to the National Council of Applied Economic Research (NCAER) on Growth linkages of Foreign Direct Investment (FDI) in India which would focus on the impact of FDI on rural economy.